



ANNUAL STATEMENT  
For the Year Ending DECEMBER 31, 2016  
OF THE CONDITION AND AFFAIRS OF THE  
QCA Health Plan, Inc.

NAIC Group Code	4807 (Current Period)	4807 (Prior Period)	NAIC Company Code	95448	Employer's ID Number	71-0794605
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	AR		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[ ] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[X]	
Incorporated/Organized	04/08/1996		Commenced Business	07/31/1996		
Statutory Home Office	12615 Chenal Parkway, Suite 300 (Street and Number)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Main Administrative Office	12615 Chenal Parkway, Suite 300 (Street and Number)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Mail Address	12615 Chenal Parkway, Suite 300 (Street and Number or P.O. Box)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	12615 Chenal Parkway, Suite 300 (Street and Number)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Internet Website Address	www.qualchoice.com		(501)228-7111 (Area Code) (Telephone Number)			
Statutory Statement Contact	Randall Crow (Name)		(501)219-5109 (Area Code)(Telephone Number)(Extension)			
	randall.crow@qualchoice.com (E-Mail Address)		(501)228-0135 (Fax Number)			

OFFICERS

Name	Title
Michael Edward Stock	President
Randall Alvin Crow	Treasurer
Charles Hanson	Secretary

OTHERS

Joni Self Daniels, Vice President-Operations  
Betty Jo Tatum-Himes, Vice President - Sales & Marketing  
Win Hammerly M.D., Vice President - Medical Affairs #

DIRECTORS OR TRUSTEES

Mark Fred Bjornson  
Philip Linwood Foster  
David Allen Sorenson #  
Steven Charles Schramm  
Charles Hanson

State of Arkansas  
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Michael Edward Stock	Randall Alvin Crow	Charles Hanson
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President	Treasurer	Secretary
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
day of , 2017  
a. Is this an original filing?  
b. If no, 1. State the amendment number  
2. Date filed  
3. Number of pages attached  
Yes[X] No[ ]

(Notary Public Signature)

DIRECTORS OR TRUSTEES (continued)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	40,229,452		40,229,452	32,204,894
2.	Stocks (Schedule D):				
2.1	Preferred stocks .....	1,500,000		1,500,000	1,500,000
2.2	Common Stocks .....				5,538,859
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....17,041,424, Schedule E Part 1), cash equivalents (\$.....0, Schedule E Part 2) and short-term investments (\$.....82,751, Schedule DA) .....	17,124,175		17,124,175	15,590,646
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....	5,404		5,404	5,423
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....	4		4	
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	58,859,035		58,859,035	54,839,822
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	156,402		156,402	132,484
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	228,131	861	227,270	149,787
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....	152,453		152,453	7,708,960
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	6,194,584		6,194,584	15,068,986
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....	1,996,156		1,996,156	521,711
18.1	Current federal and foreign income tax recoverable and interest thereon .....	1,813,593		1,813,593	925,592
18.2	Net deferred tax asset .....				
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....	13,945	13,945		
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....	183,045	183,045		
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....	298,540		298,540	11,843
24.	Health care (\$.....1,074,362) and other amounts receivable .....	2,127,062	1,052,700	1,074,362	139,082
25.	Aggregate write-ins for other than invested assets .....	4,443,384		4,443,384	1,843,805
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	76,466,330	1,250,551	75,215,779	81,342,072
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	TOTAL (Lines 26 and 27) .....	76,466,330	1,250,551	75,215,779	81,342,072
DETAILS OF WRITE-INS					
1101.	rounding .....	4		4	
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	4		4	
2501.	Prepaid Expenses .....				
2502.	Other Intangible Assets .....				
2503.	CSR Cost Sharing Receivable .....	4,443,384		4,443,384	1,843,805
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	4,443,384		4,443,384	1,843,805

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	27,344,813	1,592,818	28,937,631	27,723,131
2.	Accrued medical incentive pool and bonus amounts .....	247,273		247,273	247,248
3.	Unpaid claims adjustment expenses .....	585,595		585,595	593,698
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	2,361,287		2,361,287	664,035
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....	3,057,462		3,057,462	2,104,634
9.	General expenses due or accrued .....	2,491,967		2,491,967	2,104,373
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				4,924,884
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	1,122,171		1,122,171	140,445
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20.	Reinsurance in unauthorized and certified (\$.....0) companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....	4,532,691		4,532,691	3,288,813
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....	1		1	
24.	TOTAL Liabilities (Lines 1 to 23) .....	41,743,260	1,592,818	43,336,078	41,791,261
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		3,371,322
26.	Common capital stock .....	X X X	X X X	2,454	2,454
27.	Preferred capital stock .....	X X X	X X X	25,500,046	25,500,046
28.	Gross paid in and contributed surplus .....	X X X	X X X	29,750,000	19,000,000
29.	Surplus notes .....	X X X	X X X	5,000,000	5,000,000
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	(28,372,439)	(13,322,651)
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X	360	360
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	31,879,701	39,550,811
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	75,215,779	81,342,072
DETAILS OF WRITE-INS					
2301.	rounding .....	1		1	
2302.	.....				
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	1		1	
2501.	ACA Section 9010 Assessment .....	X X X	X X X		3,371,322
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		3,371,322
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	646,778	588,387
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	214,833,104	205,847,620
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	214,833,104	205,847,620
Hospital and Medical:				
9.	Hospital/medical benefits .....	7,970,801	154,233,357	131,602,574
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....	1,229,108	18,345,089	15,653,299
13.	Prescription drugs .....		36,142,871	29,593,729
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....	9,199,909	208,721,317	176,849,602
Less:				
17.	Net reinsurance recoveries .....		1,542,094	15,735,412
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....	9,199,909	207,179,223	161,114,190
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....4,721,321 cost containment expenses .....		7,833,895	6,100,937
21.	General administrative expenses .....		23,091,492	25,385,203
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(500,000)	500,000
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....	9,199,909	237,604,610	193,100,330
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(22,771,506)	12,747,290
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		647,179	490,689
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....		(2,593)	1,042,939
27.	Net investment gains (losses) (Lines 25 plus 26) .....		644,586	1,533,628
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(22,126,920)	14,280,918
31.	Federal and foreign income taxes incurred .....	X X X .....	(3,874,088)	5,005,911
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(18,252,832)	9,275,007
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	.....	X X X .....		
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	rounding .....			
2902.	Miscellaneous Income/Expense .....			
2903.	rounding .....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	39,550,811	20,288,859
34.	Net income or (loss) from Line 32 .....	(18,252,832)	9,275,007
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	40,839	(1,449,406)
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	(1,702,936)	1,702,936
39.	Change in nonadmitted assets .....	577,281	233,417
40.	Change in unauthorized and certified reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	10,750,000	9,500,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....	916,538	(2)
48.	Net change in capital and surplus (Lines 34 to 47) .....	(7,671,110)	19,261,952
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	31,879,701	39,550,811
DETAILS OF WRITE-INS			
4701.	Rounding .....	2	(2)
4702.	SSAP 3 Error Correction - Return to Provision .....	916,536	
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	916,538	(2)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	224,961,347	202,392,617
2.	Net investment income .....	711,813	322,309
3.	Miscellaneous income .....	(1,840,783)	163,510
4.	TOTAL (Lines 1 through 3) .....	223,832,377	202,878,436
5.	Benefit and loss related payments .....	196,590,296	173,202,808
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	30,776,463	29,645,763
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	2,864,389	(1,449,406)
10.	TOTAL (Lines 5 through 9) .....	230,231,148	201,399,165
11.	Net cash from operations (Line 4 minus Line 10) .....	(6,398,771)	1,479,271
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	26,802,966	27,979,904
12.2	Stocks .....	5,595,450	6,376,887
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		1,449,444
12.7	Miscellaneous proceeds .....		
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	32,398,416	35,806,235
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	34,778,631	41,341,298
13.2	Stocks .....		6,261,588
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....	155,772	
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	34,934,403	47,602,886
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(2,535,987)	(11,796,651)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	10,750,000	9,500,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(281,713)	(12,541,182)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	10,468,287	(3,041,182)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	1,533,529	(13,358,562)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	15,590,646	28,949,208
19.2	End of year (Line 18 plus Line 19.1) .....	17,124,175	15,590,646

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	214,833,104	211,966,225				2,866,879				
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....										X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	TOTAL Revenues (Lines 1 to 6) .....	214,833,104	211,966,225				2,866,879				
8.	Hospital/medical benefits .....	154,233,357	152,508,406				1,724,951				X X X .....
9.	Other professional services .....										X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....	18,345,089	18,139,917				205,172				X X X .....
12.	Prescription drugs .....	36,142,871	35,591,554				551,317				X X X .....
13.	Aggregate write-ins for other hospital and medical .....										X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....										X X X .....
15.	Subtotal (Lines 8 to 14) .....	208,721,317	206,239,877				2,481,440				X X X .....
16.	Net reinsurance recoveries .....	1,542,094	1,542,094								X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	207,179,223	204,697,783				2,481,440				X X X .....
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....4,721,321 cost containment expenses .....	7,833,895	7,729,354				104,541				
20.	General administrative expenses .....	23,091,492	22,783,343				308,149				
21.	Increase in reserves for accident and health contracts .....	(500,000)	(500,000)								X X X .....
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	237,604,610	234,710,480				2,894,130				
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(22,771,506)	(22,744,255)				(27,251)				
DETAILS OF WRITE-INS											
0501.	.....										X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X .....
0601.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	.....										X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X .....



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	215,102,704		3,136,480	211,966,224
2.	Medicare Supplement .....				
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....	2,884,605		17,726	2,866,879
6.	Title XVIII - Medicare .....				
7.	Title XIX - Medicaid .....				
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	217,987,309		3,154,206	214,833,103
10.	Life .....				
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	217,987,309		3,154,206	214,833,103

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	209,347,599	207,293,173				2,054,426				
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	1,514,612	1,514,612								
1.4 Net .....	207,832,987	205,778,561				2,054,426				
2. Paid medical incentive pools and bonuses .....										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	28,937,631	28,788,025				149,606				
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	28,937,631	28,788,025				149,606				
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....	247,273	247,273								
6. Net healthcare receivables (a) .....	1,840,783	1,840,783								
7. Amounts recoverable from reinsurers December 31, current year ..										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	27,723,131	27,449,222				273,909				
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	27,723,131	27,449,222				273,909				
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....	247,248	247,248								
11. Amounts recoverable from reinsurers December 31, prior year .....	907,659	907,659								
12. Incurred benefits:										
12.1 Direct .....	208,721,316	206,791,193				1,930,123				
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	606,953	606,953								
12.4 Net .....	208,114,363	206,184,240				1,930,123				
13. Incurred medical incentive pools and bonuses .....	25	25								

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	2,878,328	2,841,881				36,447				
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	2,878,328	2,841,881				36,447				
2. Incurred but Unreported:										
2.1 Direct .....	26,059,303	25,946,144				113,159				
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	26,059,303	25,946,144				113,159				
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	28,937,631	28,788,025				149,606				
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	28,937,631	28,788,025				149,606				

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	27,897,858	189,670,377	3,154	28,784,871	27,901,012	27,449,222
2.	Medicare Supplement .....						
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....	194,763	1,859,663	16	149,590	194,779	273,909
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	28,092,621	191,530,040	3,170	28,934,461	28,095,791	27,723,131
10.	Healthcare receivables (a) .....	3,548,669	8,268,512		2,127,062	3,548,669	286,279
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....			247,273		247,273	247,248
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	24,543,952	183,261,528	250,443	26,807,399	24,794,395	27,684,100

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	14,507	14,522	14,522	14,522	14,522
2.	2012 .....	114,348	131,992	131,992	131,992	131,992
3.	2013 .....	X X X	110,323	120,438	120,438	120,438
4.	2014 .....	X X X	X X X	111,899	130,402	130,402
5.	2015 .....	X X X	X X X	X X X	142,703	167,247
6.	2016 .....	X X X	X X X	X X X	X X X	183,262

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	14,550	14,491	14,491	14,522	14,522
2.	2012 .....	131,281	132,001	131,947	131,992	131,992
3.	2013 .....	X X X	123,556	121,923	120,438	120,438
4.	2014 .....	X X X	X X X	140,047	130,908	130,402
5.	2015 .....	X X X	X X X	X X X	170,481	167,250
6.	2016 .....	X X X	X X X	X X X	X X X	212,443

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	147,118	131,992	5,656	4.285	137,648	93.563			137,648	93.563
2.	2013 .....	140,670	120,438	3,190	2.649	123,628	87.885		98	123,726	87.955
3.	2014 .....	161,387	130,402	1,394	1.069	131,796	81.665		745	132,541	82.126
4.	2015 .....	203,915	167,247	6,872	4.109	174,119	85.388	3	(249)	173,873	85.267
5.	2016 .....	217,987	183,262	6,686	3.648	189,948	87.137	29,181	(8)	219,121	100.520

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	14,417	14,432	14,432	14,432	14,432
2.	2012 .....	112,945	130,581	130,581	130,581	130,581
3.	2013 .....	X X X	108,837	118,952	118,952	118,952
4.	2014 .....	X X X	X X X	110,502	128,715	128,715
5.	2015 .....	X X X	X X X	X X X	140,681	165,030
6.	2016 .....	X X X	X X X	X X X	X X X	181,402

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	14,460	14,401	14,401	14,432	14,432
2.	2012 .....	129,741	130,590	130,536	130,581	130,581
3.	2013 .....	X X X	121,931	120,437	118,952	118,952
4.	2014 .....	X X X	X X X	138,510	129,197	128,715
5.	2015 .....	X X X	X X X	X X X	168,209	165,033
6.	2016 .....	X X X	X X X	X X X	X X X	210,583

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	147,118	130,581	5,656	4.332	136,237	92.604			136,237	92.604
2.	2013 .....	140,670	118,952	3,190	2.682	122,142	86.829		98	122,240	86.898
3.	2014 .....	161,387	128,715	1,394	1.083	130,109	80.619		745	130,854	81.081
4.	2015 .....	203,915	165,030	6,872	4.164	171,902	84.301	3	(249)	171,656	84.180
5.	2016 .....	217,987	181,402	6,686	3.686	188,088	86.284	29,181	(8)	217,261	99.667

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)  
Federal Employees Health Benefits Plan Premiums  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	90	90	90	90	90
2.	2012 .....	1,403	1,411	1,411	1,411	1,411
3.	2013 .....	X X X	1,486	1,486	1,486	1,486
4.	2014 .....	X X X	X X X	1,397	1,687	1,687
5.	2015 .....	X X X	X X X	X X X	2,022	2,217
6.	2016 .....	X X X	X X X	X X X	X X X	1,860

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	90	90	90	90	90
2.	2012 .....	1,540	1,411	1,411	1,411	1,411
3.	2013 .....	X X X	1,625	1,486	1,486	1,486
4.	2014 .....	X X X	X X X	1,537	1,711	1,687
5.	2015 .....	X X X	X X X	X X X	2,272	2,217
6.	2016 .....	X X X	X X X	X X X	X X X	1,860

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....		1,411			1,411				1,411	
2.	2013 .....		1,486			1,486				1,486	
3.	2014 .....		1,687			1,687				1,687	
4.	2015 .....		2,217			2,217				2,217	
5.	2016 .....		1,860			1,860				1,860	



12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other . . . . . NONE

12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other . . . . . NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	212,135	212,135							
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....									
5. Aggregate write-ins for other policy reserves .....	2,149,152	1,848,874				300,278			
6. TOTALS (Gross) .....	2,361,287	2,061,009				300,278			
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	2,361,287	2,061,009				300,278			
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. FEHBP Rebate Payable .....	300,278					300,278			
0502. ACA Risk Adjustment Payable .....	1,848,874	1,848,874							
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....	2,149,152	1,848,874				300,278			
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....	298,594	106,044	425,096		829,734
2.	Salaries, wages and other benefits .....	5,401,795	1,918,420	7,690,311		15,010,526
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			3,684,715		3,684,715
4.	Legal fees and expenses .....					
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....			196,286		196,286
7.	Traveling expenses .....	57,333	7,315	83,241		147,889
8.	Marketing and advertising .....	3,788	2,200	758,825		764,813
9.	Postage, express and telephone .....	338,290	574,433	415,718		1,328,441
10.	Printing and office supplies .....	431,842	649,537	195,192		1,276,571
11.	Occupancy, depreciation and amortization .....			572,579		572,579
12.	Equipment .....					
13.	Cost or depreciation of EDP equipment and software .....					
14.	Outsourced services including EDP, claims, and other services .....	883,789	815,284	5,388,588		7,087,661
15.	Boards, bureaus and association fees .....					
16.	Insurance, except on real estate .....			154,826		154,826
17.	Collection and bank service charges .....					
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....	(3,052,196)	(1,083,972)	(4,345,284)		(8,481,452)
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....			3,496,866		3,496,866
23.3	Regulatory authority licenses and fees .....			291,106		291,106
23.4	Payroll taxes .....	338,629	119,711	456,934		915,274
23.5	Other (excluding federal income and real estate taxes) .....			2,496,729		2,496,729
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....	19,457	3,602	1,129,764		1,152,823
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	4,721,321	3,112,574	23,091,492		(a) 30,925,387
27.	Less expenses unpaid December 31, current year .....		554,345	2,491,967		3,046,312
28.	Add expenses unpaid December 31, prior year .....		812,262	2,104,373		2,916,635
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	4,721,321	3,370,491	22,703,898		30,795,710
DETAILS OF WRITE-INS						
2501.	Other Employee Expenses .....	19,068	3,602	247,676		270,346
2502.	Donations .....	389		33,172		33,561
2503.	National Assessment .....			650,739		650,739
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			198,177		198,177
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	19,457	3,602	1,129,764		1,152,823

(a) Includes management fees of \$.....29,593,822 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 159,373	..... 162,405
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 463,863	..... 463,863
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated)	..... 27,642	..... 27,642
2.21	Common stocks of affiliates	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 15,572	..... 15,572
7.	Derivative instruments	(f).....	.....
8.	Other invested assets	.....	.....
9.	Aggregate write-ins for investment income	.....	.....
10.	TOTAL Gross investment income	..... 666,450	..... 669,482
11.	Investment expenses	.....	(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes	.....	(g).....
13.	Interest expense	.....	(h)..... 22,303
14.	Depreciation on real estate and other invested assets	.....	(i).....
15.	Aggregate write-ins for deductions from investment income	.....	.....
16.	TOTAL Deductions (Lines 11 through 15)	.....	..... 22,303
17.	Net Investment income (Line 10 minus Line 16)	.....	..... 647,179
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	.....	.....
1501.	Service Fees	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above)	.....	.....
(a) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(b) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued dividends on purchases.			
(c) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(d) Includes \$.....0 for company's occupancy of its own buildings; and excludes \$.....0 interest on encumbrances.			
(e) Includes \$.....0 accrual of discount less \$.....0 amortization of premium and less \$.....0 paid for accrued interest on purchases.			
(f) Includes \$.....0 accrual of discount less \$.....0 amortization of premium.			
(g) Includes \$.....0 investment expenses and \$.....0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.....0 interest on surplus notes and \$.....0 interest on capital notes.			
(i) Includes \$.....0 depreciation on real estate and \$.....0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated)	..... 136,846	.....	..... 136,846	.....	.....
1.3	Bonds of affiliates	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated)	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated)	.....	.....	.....	..... 40,839	.....
2.21	Common stocks of affiliates	.....	.....	.....	.....	.....
3.	Mortgage loans	.....	.....	.....	.....	.....
4.	Real estate	.....	.....	.....	.....	.....
5.	Contract loans	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments	..... (139,439)	.....	..... (139,439)	.....	.....
7.	Derivative instruments	.....	.....	.....	.....	.....
8.	Other invested assets	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses)	.....	.....	.....	.....	.....
10.	TOTAL Capital gains (losses)	..... (2,593)	.....	..... (2,593)	..... 40,839	.....
DETAILS OF WRITE-INS						
0901.	Rounding	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....			
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	861		(861)
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums and contracts subject to redetermination .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....			
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....		777,344	777,344
18.2	Net deferred tax asset .....			
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....	13,945	155,111	141,166
21.	Furniture and equipment, including health care delivery assets .....	183,045	248,180	65,135
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....			
24.	Health care and other amounts receivable .....	1,052,700	147,197	(905,503)
25.	Aggregate write-ins for other than invested assets .....		500,000	500,000
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	1,250,551	1,827,832	577,281
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	TOTAL (Lines 26 and 27) .....	1,250,551	1,827,832	577,281
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	Prepaid Admin Contract .....			
2502.	Goodwill .....		500,000	500,000
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....		500,000	500,000

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	557	692	697	701	704	8,359
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....	45,494	51,472	52,873	56,500	56,704	638,419
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	46,051	52,164	53,570	57,201	57,408	646,778
DETAILS OF WRITE-INS							
0601.	.....						
0602.	.....						
0603.	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

Notes to Financial Statements

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies and Going Concern

Organization and Operation

QCA Health Plan, Inc. (dba QualChoice), (the Company), is a licensed health maintenance organization in the state of Arkansas and is subject to regulation by the Arkansas Insurance Department. The Company was incorporated in Arkansas on April 8, 1996. The Company’s parent company is QualChoice Holdings, Inc. (Qualchoice). The Company is engaged in a variety of activities such as providing coverage for its enrollees, substantially all of whom are residents of the state of Arkansas, as well as claims and administrative services for self-insured groups both within and outside the state of Arkansas.

On May 1, 2014, QualChoice was acquired by CollabHealth Plan Services, Inc. (CollabHealth), a wholly owned subsidiary of Catholic Health Initiatives. Upon closing, CollabHealth contributed new capital of \$7,500,000 to QCA Health Plan, Inc. CollabHealth was later renamed Prominence Health, Inc. (PHI). Prominence Health Plan Services, Inc. is a direct subsidiary of PHI and it owns all health insurance subsidiaries of Prominence. In 2016, the name was changed from Prominence Health Plan Services, Inc. to QualChoice Health Plan Services, Inc.

A. Accounting Practices

The following is a summary of the significant accounting policies used in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners (“NAIC”) and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

	State of Domicile	2016	2015
Net Income (Loss)			
Company state basis	Arkansas	\$(18,252,832)	\$9,275,007
State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas		
State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas		
NAIC SAP (1 - 2 - 3 = 4)	Arkansas	\$(18,252,832)	\$9,275,007
Capital and Surplus			
Company State basis	Arkansas	\$31,879,701	\$39,550,811
State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas		
State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas		
NAIC SAP (5 - 6 - 7 = 8)	Arkansas	\$31,879,701	\$39,550,811

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health Premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) The Company does not have common stock.

## Notes to Financial Statements

- (4) The Company has invested in the preferred stock of the affiliated entity, QualChoice Life and Health Insurance Company, Inc.
  - (5) The Company has a minor investment in the affiliated entity, QCA Insurance Agency, LLC.
  - (6) The commercial mortgage-backed and other loan-backed securities are stated at amortized cost using the effective interest method.
  - (7) The Company does not have derivatives.
  - (8) The Company does not have premium deficiency reserves.
  - (9) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
  - (10) Expenditures for assets are capitalized at \$10,000 and all other costs are expensed.
2. **Accounting Changes and Corrections of Errors**  
The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. There were no accounting changes or correction or errors from the prior period.
  3. **Business Combinations and Goodwill**  
The Company has no business combinations or goodwill as of December 31, 2016.
  4. **Discontinued Operations**  
The Company had no discontinued operations as of December 31, 2016.
  5. **Investments**
    - A. The Company acquired commercial mortgage-backed securities during the year of 2016. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows, including new prepayment assumptions. The Company has no mortgage-backed securities with a recognized other-than-temporary impairment.
      - (3) There were no taxes, assessments or any amounts advances not included in mortgage loan total.
      - (4) N/A
      - (5) There were no investments in impaired loans.
      - (6) N/A
      - (7) There was no activity in the allowance for credit losses account.
      - (8) There were no mortgage loans derecognized as a result of foreclosure.
    - B. The Company has no debt restructuring at this time.
    - C. The Company has no reverse mortgages at this time.
    - D. The Company acquired commercial loan-backed securities during the year of 2016. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows, including new prepayment assumptions. The Company has no loan-backed securities with a recognized other-than-temporary impairment.
      - (2) There were no securities within the scope of SSAP No. 43R – Loan-Backed and Structured Securities with a recognized other-than-temporary impairment;
      - (3) N/A
      - (4) N/A
    - E. The Company has repurchase agreements and/or Securities Lending Transactions at this time.
    - F. The Company has no investments in real estate at this time.
    - G. The Company has no investments in low-income housing tax credits.
    - H. The Company has no restricted assets.
    - I. The Company has no Working Capital Finance Investments.
    - J. The Company does not offset or net Assets and Liabilities.
    - K. The Company does not hold Structured Notes at this time.
  6. **Joint Ventures, Partnerships and Limited Liability Companies**
    - A. The Company has no investments in Joint Ventures, Partnerhips or Limited Liability Companies that exceed 10% of its admitted assets.
    - B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.
  7. **Investment Income**



## Notes to Financial Statements

A. The Company's investment income was earned on cash and cash equivalents, bonds, and stocks and no investment income was excluded from surplus for the years ended December 31, 2016 and 2015. All investment income due and accrued is included in investment income.

B. N/A

## 8. Derivative Instruments

The Company has no derivative instruments.

## 9. Income Taxes

A.	Components of Deferred Tax Assets (DTA's) and Deferred Tax Liabilities (DTL's):									
(1)										

Notes to Financial Statements

(2)	Deferred Tax Assets:	December 31, 2016	December 31, 2015	Change
	(a) Ordinary			
	(1) Discount on unpaid losses	80,336	82,939	(2,603)
	(2) Unearned premium reserves	228,872	158,807	70,065
	(3) Minimum tax credit	314,226	139,760	174,466
	(4) Accrued vacation	-	-	-
	(5) Fixed assets	130,538	233,018	(102,480)
	(6) Accrued bonus	-	-	-
	(7) Accrued broker commissions	-	-	-
	(8) Allow ance for bad debts	-	68,918	(68,918)
	(9) Net operating losses	6,803,012	530,710	6,272,302
	(10) Nonadmitted assets	368,445	51,519	316,926
	(11) Premium Deficiency Reserve	-	175,000	(175,000)
	(12) Accrued other expenses	-	-	-
	(13) Intangibles	143,889	155,556	(11,667)
	(14) Sick Time Benefits	133,455	92,001	41,454
	Subtotal	8,202,773	1,688,228	6,514,545
	(b) Statutory valuation allow ance adjustment	8,202,773	-	8,202,773
	(c) Nonadmitted	-	777,344	(777,344)
	(d) Admitted ordinary deferred tax assets	-	910,884	(910,884)
	(e) Capital			
	(1) Investments	-	-	-
	(2) Capital loss carry-forw ard	-	-	-
	(3) Tax effect of unrealized capital losses	-	14,708	(14,708)
	Gross Capital Deferred Tax Assets	-	14,708	(14,708)
	(f) Statutory valuation allow ance adjustment	-	-	-
	(g) Nonadmitted	-	-	-
	(h) Admitted capital deferred tax assets	-	14,708	(14,708)
	(i) Total admitted deferred tax assets	-	925,592	(925,592)
(3)	Deferred Tax Liabilities:			
	(a) Ordinary			
	(1) Fixed Assets	-	-	-
	(2) Intangibles	-	-	-
	(3) Other (required to disclose items > 5%)	-	-	-
	Ordinary Deferred Tax Liabilities	-	-	-
	(b) Capital			
	(1) Intangibles	-	-	-
	(2) Other (required to disclose items > 5%)	-	-	-
	(3) Tax effect of unrealized capital gains	-	-	-
	Capital Deferred Tax Liabilities	-	-	-
	(c) Total Deferred Tax Liabilities	-	-	-
(4)	Net deferred tax assets/liabilites	-	925,592	(925,592)
The change in net deferred income taxes is composed of the follow ing (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):				
		December 31, 2016	December 31, 2015	Change
	Total deferred tax assets	-	1,702,936	(1,702,936)
	Total deferred tax liabilities	-	-	-
	Net deferred tax assets/liabilities	-	1,702,936	(1,702,936)
	Tax effect of unrealized gains/(losses)			14,708
	Change in net deferred income tax [(expense)/benefit]			(1,688,228)

Notes to Financial Statements

D.	Reconciliation of Federal Income Tax Rate to Actual Effective Rate			
	The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to pre-tax income. The significant items causing this difference are as follows:			
		Amount	Tax Effect	Tax Rate
	2016			
	Provision computed at statutory rate	(22,142,689)	(7,749,941)	35.0%
	Change in statutory valuation allowance	22,852,932	8,202,773	-37.0%
	NOL Waived	(13,198,344)	(4,619,420)	20.9%
	Change in non-admitted assets	(199,202)	(69,721)	0.3%
	Other, incl. Prior year adjustment		(3,912)	0.0%
	ACA Fee	3,250,924	1,137,823	-5.1%
	Total statutory income tax		(3,102,397)	14.0%
	Federal income taxes incurred		(3,874,088)	17.5%
	Tax on capital gains/(losses)		-	0.0%
	SSAP3 Error Correction		(916,536)	4.1%
	Prior year overaccrual/(underaccrual)		-	0.0%
	Change in net deferred income tax [expense/(benefit)]		1,688,228	-7.6%
	Total statutory income tax		(3,102,397)	14.0%
	2015		Tax Effect	Tax Rate
	Provision computed at statutory rate		5,036,361	35.0%
	Change in nonadmitted assets		353,766	2.5%
	ACA Fee		853,605	5.9%
	NOL Waived		4,619,420	32.1%
	Prior year true-up		(41,988)	-0.3%
	Change in valuation allowance		(7,010,899)	-48.7%
	Total		3,810,266	26.5%
	Federal income taxes incurred		4,666,210	32.4%
	Tax on capital gains/(losses)		339,701	2.4%
	Change in net deferred income taxes		(1,195,645)	-8.3%
	Prior year overaccrual/(underaccrual)		-	0.0%
	Total statutory income taxes		3,810,266	26.5%
E.	(1) Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits			
		December 31, 2016	December 31, 2015	
	The Company had net operating losses of:	19,437,176	1,516,315	
	The Company had capital loss carryforwards of:	-	-	
	The Company had AMT credit carryforwards of:	314,226	139,760	
	Year Ending	2016	2015	Expires
	12/31/2008	-	-	2027
	12/31/2009	-	-	2028
	12/31/2010	-	-	2029
	12/31/2011	4,392,763	-	2030
	12/31/2012	6,498,427	-	2031
	12/31/2013	3,823,469	1,516,315	2032
	12/31/2014	-	-	2033
	6/30/2015	-	-	2034
	12/31/2015		-	2034
	12/31/2016	4,722,517	-	2035
		19,437,176	1,516,315	
	As a result of acquisition by Prominence Health on April 30, 2014, certain tax attributes may be limited under the provisions of IRC Section 382.			

Notes to Financial Statements

(2)	The following represents income tax expense for tax years ending 12/2016, 12/2015, and 06/2015 that is available for recoupment in the event of future net losses:			
		Year	Ordinary	Capital
		Jun-15	-	-
		Dec-15	-	-
		Dec-16	-	-
(3)	The aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS)			
	Code was zero as of December 31, 2016			
F.	Consolidated Federal Income Tax Return			
(1)	The Company files a consolidated return with the following entities:			
	Prominence Health, Inc.	46-1222808		
	Prominence Health Plan Services, Inc.	46-1224037		
	Soundpath Health	42-1720801		
	Qualchoice Life and Health Insurance Company, Inc.	71-0386640		
	Clear River Health	46-4495960		
	Heartland Plains Health	46-4368223		
	Riverlink Health	46-4380824		
	Riverlink Health of Kentucky, Inc.	46-4828332		
	Stableview Health, Inc.	46-4373713		
	Harvest Plains Health of Iowa	47-3457150		
	Qualchoice Advantage, Inc.	47-3433912		
	Qualchoice Holdings, Inc.	27-4075520		
(2)	The method of allocation between the companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group.			
G.	Federal or Foreign Federal Income Tax Loss Contingencies			
	The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.			

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A-N. The Company is party to a service agreement with an affiliate whereby the affiliate provides a full range of administrative, managerial and technological services. The Company paid this affiliate \$29,593,822 and \$30,058,459 during 2016 and 2015, respectively, for these services.

Under the provisions of various provider contracts, the Company paid \$20,832,894 and \$11,632,614 to hospitals owned by or affiliated with stockholders during 2016 and 2015, respectively.

Administrative fee revenue in the amount of \$1,119,716 and \$1,211,965 was received from hospitals owned or affiliated with stockholders during 2016 and 2015, respectively, that relates to the administrative services only (ASO) line of business.

The Company was due \$0 and \$11,843 from an affiliate, QualChoice Life and Health Insurance Company as of December 31, 2016 and 2015, respectively.

The Company owed \$1,122,171 and \$140,445 to stockholders and affiliates as of December 31, 2016 and 2015, respectively, for general expenses paid on behalf of the Company.

The Company entered into an agreement with QualChoice in November 2001, whereby the Company assumed the groups QualChoice managed under a third party administrator agreement on January 1, 2002, on behalf of employers which sponsor health benefit plans for employees. The Company assumed the obligations to perform such duties under the existing contracts with QualChoice, and in exchange for receiving these groups. On July 1, 2014, the Company entered into a management services agreement with Prominence Health, Inc. This agreement was approved by the Arkansas Insurance Department.

On April 8, 2014 CollabHealth Plan Services, Inc. submitted a Form A Statement regarding the acquisition of control or merger with QualChoice Holding, Inc. QualChoice Holdings, Inc. is the parent company of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. CollabHealth, a wholly owned subsidiary of Catholic Health Initiatives, closed on a series of stock-purchase agreements to acquire QualChoice Holdings, Inc. On May 1, 2014 the transaction was approved. At the time of acquisition, and at other times subsequent to acquisition, the owner has made capital contributions to the Company including \$10,750,000 in 2016. Treatment of the capital contributions is discussed in Note 1. In the 2nd quarter CollabHealth Health, Inc. was renamed Prominence Health, Inc. and CollabHealth Plan

Notes to Financial Statements

Services Plan Services, Inc. was renamed Prominence Health Plan Services, Inc. The new names are reflected in Schedule Y. Upon completion of the stock-purchase agreements QCA Health Plan, Inc. became part of a Holding Company. This is reflected on Schedule Y.

11. Debt

A. The Company had the following surplus notes payable at December 31, 2016:

	<u>2016</u>	<u>2015</u>
Surplus note payable to Prominence Health Plan Services, Inc.		
With interest at 6% beginning in December 2014	\$5,000,000	\$5,000,000

B. As of December 31, 2016, the Company has no outstanding Federal Home Loan Bank Agreements.

12. Retirement Plan, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company has no defined benefit plan.

- A. N/A
- B. N/A
- C. N/A
- D. N/A
- E. Defined Contribution Plans

The Company had an employee 401(k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributed an amount equal to 3% of the employee’s salary before April 1. This plan was terminated, and on April 1, 2015. All investments were transferred from QCA Employees 401(k) Plan into the CHI 401(k) Plan on that date. Contributions by the Company to the plan during 2016 and 2015 totaled \$808,718 and \$298,193, respectively. Effective April 1 the new the Company began matching 100% of the first 1% of eligible employee pay contribution and 50% of the next 5% of the eligible pay contribution. The Company will make an annual contribution, whether or not the employee contributes to the 401k equal to 2.5% of eligible pay.

- F. Multiemployer Plans  
The Company does not participate in multiemployer plans.
- G. Consolidated/Holding Company Plans  
N/A
- A. Postemployment Benefits and Compensated Absences  
The Company does not offer a postretirement benefit plan.
- B. N/A

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 50,000 shares of \$.10 per share par value common stock authorized and 20,935 shares outstanding, exclusive of 3,600 shares held as treasury stock. On December 31, 2016, the Company had 11,295 shares outstanding, exclusive of 3,600 shares held as treasury stock. The Company has 25,500.046 shares of \$1,000 par value preferred stock outstanding.
- (2) The Company’s preferred stock structure is as follows as of December 31:

Notes to Financial Statements

	2016	2015
Series A, \$1,000 par value; 5% noncumulative, nonvoting; convertible into 4,732 shares of nonvoting common stock; 2,868 shares authorized and issued.	\$ 2,868,000	2,868,000
Series B, \$1,000 par value; 5% noncumulative, nonvoting; convertible into 16,833 shares of nonvoting common stock; 9,342.808 shares authorized and issued.	9,342,808	9,342,808
Series C, \$1,000 par value; 2% noncumulative, nonvoting, nonconvertible; 5,000 shares authorized and issued.	5,000,000	5,000,000
Series D, \$1,000 par value; noncumulative, nonvoting, nonconvertible; 8,289.238 shares authorized and issued.	8,289,238	8,289,238
	\$ 25,500,046	25,500,046

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Company the holders of the preferred stock shall be entitled to share ratably in any assets of the Company available for distribution to the Company’s stockholders. The amount will be equal to the greater of (a) \$1,000 per share of preferred stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization, plus all declared, approved, but unpaid dividends through such distribution payment date or (b) the amount per share such shareholder would receive if such shareholder converted such shares of preferred stock into common stock in accordance with the conversion factor set out in the “Statement of Preferences and Terms of Preferred Stock” immediately prior to such liquidation, dissolution, or winding up of the affairs of the Company. Any payments or distributions to the preferred stockholders shall be made before any such payments or distributions shall be made to common stockholders.

- (3) The Company has no dividend restrictions.
- (4) The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.
- (5) N/A
- (6) The Company had no restrictions on its unassigned surplus.
- (7) The Company does not have any advances to surplus.
- (8) N/A
- (9) The Company has no special surplus funds.
- (10) N/A
- (11) The Company issued the following surplus notes:

Date Issued	Interest Rate	Par Value Face Amount of Notes	Carrying Value of Note	Interest and/or Principal Paid Current Year	Total Interest and/or Principal Paid	Unapproved Interest and/or Principal	Maturity Date
12/2/2014	6%	\$ 5,000,000	\$ 5,000,000	-	-	-	N/A

The surplus note, in the amount of \$5,000,000, in the above table, was issued to Prominence Health Plan Services in exchange for cash and . The note has no specific liquidation preference, subordination or repayment conditions, or restrictions aside from each interest payment needing the prior approval of the Insurance Commissioner and only to the extent the Company has sufficient surplus earnings to make such payment.

- (12) The Company was not involved in a quasi-reorganization.
- (13) N/A

14. Liabilities, Contingencies and Assessments  
A. None

## Notes to Financial Statements

- B. None
- C. None
- D. None
- E. None
- F. None

The Company is a defendant in general litigation as of December 31, 2016, in the ordinary course of business. The Company's management believes, however, that any liability it may incur as a result of this litigation would not have a material or adverse effect on the financial statements and, accordingly, no contingencies have been recorded.

The Company is subject to various regulatory requirements, including maintenance of minimum capital and surplus. At December 31, 2016, the Company is in compliance with requirements established by the Arkansas Insurance Department. The Company is required to maintain restricted investments in the minimum maturity amount of \$625,000.

### 15. Leases

- A. (1) a. The Company has no lease agreements.
- (2) a. N/A

(3) The company is not involved in any material sales – leaseback transactions.

- B. N/A

### 16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company does not have any off-balance sheet risk.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company did not have any transfers of Receivables reported as Sales.
- B. The Company did not have any transfers and servicing of Financial Assets.
- C. The Company did not have any Wash Sales.

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. ASO Plans

- B. ASC Plans

During 2016 and 2015, the Company had administrative services only contracts and minimum premium contracts, for which the employer retained all health care service risk, while the Company assumed administrative risk. The Company recorded administrative fee revenues of approximately \$8,381,912 and \$7,996,296 for 2016 and 2015, respectively. The amounts are not recorded as revenue in this statutory statement, but rather as a reduction in operating expenses. The profit associated with this line of business was \$848,145 in 2016, and \$403,347 for 2015. The Company has no Medicare or similarly structured cost based reimbursement contracts.

- C. Medicare or Similarly Structured Cost Based Reimbursement Contract
- N/A

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

### 20. Fair Value Measurements

- A.

(1) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements or admitted assets, and capital and surplus at December 31, 2016. All investments are recorded at amortized cost.

# Notes to Financial Statements

(2) – (5) N/A

B. N/A

C. N/A

D. N/A

## 21. Other Items

- A. The Company had no unusual or infrequent items as of December 31, 2016.
- B. The Company had no troubled debt restructuring as of December 31, 2016.
- C. The Company has no other disclosures as of December 31, 2016.
- D. The Company has no business interruption insurance recoveries.
- E. The Company has no state transferable tax credits.
- F. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company's exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.
- G. The Company does not have any retained asset accounts for beneficiaries.
- H. The Company has no insurance-linked securities.

## 22. Events Subsequent

Subsequent events have been considered through February 28, 2017, the date which the financial statements were filed. The Company is not subject to Section 9010 Insurer Fee for the reporting year due to a regulatory moratorium.

## 23. Reinsurance

The Company is covered under a medical reinsurance agreement effective January 1, 2016 through December 31, 2016, that provides annual coverage for eligible in-area and out of area hospital services of 90% in excess of \$550,000 per member for group and Individual coverage. The policy covers medical services and pharmaceuticals including inpatient and outpatient hospital, sub-acute facility services, skilled nursing facility and rehabilitation facility services, hospice services, home health agency services, outpatient facility services, and other professional services. Physician services are not covered. Certain covered services have per unit or annual coverage limits. Each insured member's coverage is limited to \$10,000,000 in the contract year.

The reinsurance agreement contains a provision through which the Company may receive an experience refund equal to 40% of net profit in a contract year. A net profit is defined as the amount by which the actual claims against the policy filed by the Company are less than 68% of total policy premiums for the contract year. The policy must be renewed in a subsequent contract year for the Company to receive a prior year's experience refund. At December 31, 2016 the Company recorded no receivable for experience refund related to the contract year that began January 1, 2016. The receivable at year end 2015 was \$445,706.

The Company has no return commission, which would have been due if the Company had cancelled the reinsurance. The Company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

### A. Ceded Reinsurance Report

#### Section 1 – General Interrogatories

- (1) There are no reinsurers listed on Schedule S as non-affiliated, that are owned in excess of 10%, or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company.
- (2) The Company had no reinsurer chartered outside of the United States.

#### Section 2 – Ceded Reinsurance Report – Part A



Notes to Financial Statements

- (1) The Company has no reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.
- (2) The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3 – Ceded Reinsurance Reports – Part B

- (1) The estimated reduction in surplus if the reinsurance agreement was terminated would be \$0.
- (2) No new agreements have been executed during 2016.

B. The Company did not have any uncollectible reinsurance written off during the year.

C. There was no commutation of reinsurance during the year.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
N/A

24. Retrospectively Rate Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company’s underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. The amount of net premiums written by the company at December 31, 2016 that are subject to retrospective rating features was \$0. No other net premium written by the company are subject to retrospective rating features.
- D. The Company had no medical loss ratio rebates required pursuant to the Public Health Service Act.

E. Risk Sharing Provisions of the Affordable Care Act (ACA)

- (1) The Company has accident and health insurance premiums in 2016 and 2015 subject to the risk-sharing provisions of the ACA. The ACA imposes fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance.
- (2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations.

a. Permanent ACA Risk Adjustment Program

Assets	Amount
1. Premium Adjustment Receivable due to ACA Risk Adj.	\$0
Liabilities	
2. Risk Adjustment User Fees Payable for ACA Risk Adj.	\$59,356
3. Premium Adjustments Payable due to ACA Risk Adj.	\$1,848,874
Operations (Revenue & Expense)	
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$1,206,706

Notes to Financial Statements

5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid) \$59,356

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance \$6,194,584

1. Amounts recoverable for claims unpaid due to ACA Reins. \$0

2. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance \$0

Liabilities

3. Liabilities for contributions payable due to ACA Reinsurance (not ceded premium) \$0

4. Ceded reinsurance premiums payable due to ACA Reins. \$0

5. Liability for amounts held under uninsured plans contributions for ACA Reinsurance \$0

Operations (Revenue & Expense)

6. Ceded reinsurance premiums due to ACA Reinsurance \$0

7. Reinsurance recoveries (income statement) due to ACA Reinsurance Payments \$1,160,665

8. ACA Contributions-not reported as ceded premiums \$0

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors \$38,300

Liabilities

2. Reserve for rate credits/policy experience rating refunds \$0

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received) \$700,159

1. Effect of ACA Risk Corridors on change in reserves for rate credits \$0

(3) The following table is a rollforward of the prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balances.

Accrued During the Prior Year on Business Written Before December 31 of the Prior Year	Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year	Differences		Adjustments			Unsettled Balances as of the Reporting Date	
		Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)

Notes to Financial Statements

		1	2	3	4	5	6	7	8	Re f	9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program												
1. Premium adjustments receivable	A	\$6,715,056	\$ .....	\$6,715,056	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
2. Premium adjustments (payable)	B	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
3. Subtotal ACA Permanent Risk Adjustment Program		\$6,715,056	\$ .....	\$6,715,056	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
b. Transitional ACA Reinsurance Program												
1. Amounts recoverable for claims paid	C	\$14,161,327	\$ .....	\$13,004,447	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$1,156,880	\$ .....
2. Amounts recoverable for claims unpaid (contra liability)	D	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
3. Amounts receivable relating to uninsured plans	E	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	F	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
5. Ceded reinsurance premiums payable	G	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
6. Liability for amounts held under uninsured plans	H	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
7. Subtotal ACA Transitional Reinsurance Program		\$14,161,327	\$ .....	\$13,004,447	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$1,156,880	\$ .....
c. Temporary ACA Risk Corridors Program												
1. Accrued retrospective premium	I	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
2. Reserve for rate credits or policy experience rating refunds	J	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
3. Subtotal ACA Risk Corridors Program		\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
d. Total for ACA Risk-Sharing Provisions		\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances by Program Benefit Year

		Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
						Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)
		1	2	3	4	5	6	7	8	Re f	9	10
		Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)		Receivable	(Payable)
a. 2014												
1. Accrued Retrospective Premium	A	\$905,737	\$ .....	\$100,000	\$ .....	\$ .....	\$ .....	\$767,437	\$ .....		\$38,300	\$ .....
2. Reserve for rate credits policy experience rating refunds	B	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
b. 2015												
1. Accrued Retrospective Premium	C	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
2. Reserve for rate credits policy experience rating refunds	D	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
c. 2016												
1. Accrued Retrospective Premium	I	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
2. Reserve for rate credits or policy experience rating refunds	J	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....
d. Total for Risk Corridor		\$905,737	\$ .....	\$100,000	\$ .....	\$ .....	\$ .....	\$767,437	\$ .....		\$38,300	\$ .....

Notes to Financial Statements

(5) ACA Risk Corridor Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated amount to be filed or final amounts filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset balance (gross of nonadmission)  (1-2-3)	5 Nonadmitted amounts	6 Net admitted assets
a. 2014	\$4,181,163	\$3,589,994	\$552,869	\$38,300	\$0	\$38,300
b. 2015	\$476,593	\$476,593	\$0	\$0	\$0	\$0
c. 2016	\$18,744,708	\$18,744,708	\$0	\$0	\$0	\$0
d. Total	\$23,402,464	\$22,811,295	\$552,869	\$38,300	\$0	\$38,300

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2016 were \$28,937,631. As of December 31, 2016, \$24,543,951 has been paid for incurred claims and claim adjustment expenses attributable to insured events incurred prior to January 1, 2016. Reserves remaining for prior years are now \$3,170 as a result of re-estimation of unpaid claims and claim adjustment expenses. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangement.  
A. – G. N/A

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables.

A. Pharmaceutical Rebate Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the previous three years from December 31, 2016:

For 2016  
Pharmaceutical Rebate Receivables

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Confirmed	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2016	2,127,063				
9/30/2016	1,182,476	678,140	678,140		
6/30/2016	308,316	923,134	244,994	678,140	
3/31/2016	35,196	705,074	460,808	244,994	
12/31/2015	286,279	664,285	335,858	328,428	
9/30/2015	113,825	149,590	149,590	0	
6/30/2015	229,086	262,459	262,459	0	
3/31/2015	264,506	262,459	0	262,459	
12/31/2014	449,789	523,416	312,822	210,594	

Notes to Financial Statements

9/30/2014	309,255	312,822	0	312,822	
6/30/2014	273,870	319,709	169,634	0	150,075
3/31/2014	305,949	367,374	197,741	169,634	0

B. Risk-Sharing Receivables – N/A

29. Participating Policies

The Company has no participating contracts.  
N/A

30. Premium Deficiency Reserves

At December 31, 2016, the Company had no premium deficiency reserve.

31. Anticipated Salvage and Subrogation

Due to the type of business being written, the Company has no salvage. As of December 31, 2016 and 2015, the Company has no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Arkansas
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

04/16/2016
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/16/2016
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP 370 17th Street, Suite 3300 Denver, Colorado 80202
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Mark Peterson QualChoice Health Plan Services 10050 Crosstown Circle, Suite 250 Eden Prairie, MN 55344
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]



GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.

24.103 Total payable for securities lending reported on the liability page.

\$ .....

\$ .....

\$ .....

000
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes[ ] No[X]
- 25.2 If yes, state the amount thereof at December 31 of the current year:

25.21 Subject to repurchase agreements

25.22 Subject to reverse repurchase agreements

25.23 Subject to dollar repurchase agreements

25.24 Subject to reverse dollar repurchase agreements

25.25 Placed under option agreements

25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock

25.27 FHLB Capital Stock

25.28 On deposit with states

25.29 On deposit with other regulatory bodies

25.30 Pledged as collateral - excluding collateral pledged to an FHLB

25.31 Pledged as collateral to FHLB - including assets backing funding agreements

25.32 Other

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

\$ .....

0000000000000
- 25.3 For category (25.26) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.
- Yes[ ] No[X]

Yes[ ] No[ ] N/A[X]
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

27.2 If yes, state the amount thereof at December 31 of the current year.
- Yes[ ] No[X]

\$ ..... 0

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section I, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- Yes[X] No[ ]

1	2
Name of Custodian(s)	Custodian's Address
Arvest Asset Management .....	200 Commerce Dr. Ste. 100, Little Rock, AR .....
BNY Mellon .....	200 Park Avenue, New York, NY .....

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....

- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

28.04 If yes, give full and complete information relating thereto:
- Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

- 28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1	2
Name of Firm or Individual	Affiliation
.....	.....

- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.
- Yes[ ] No[X]

Yes[ ] No[X]



GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2  Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4  Registered With	5 Investment Management Agreement (IMA) Filed
.....	.....	.....	.....	.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

Yes[ ] No[X]

29.2 If yes, complete the following schedule:

1  CUSIP #	2  Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total .....	.....	.....

29.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	40,229,452 .....	40,085,028 .....	(144,424) .....
30.2 Preferred stocks .....	1,500,000 .....	1,500,000 .....	.....
30.3 Totals .....	41,729,452 .....	41,585,028 .....	(144,424) .....

30.4 Describe the sources or methods utilized in determining the fair values:  
Provided by bank statements/Trust Company reporting

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

Yes[X] No[ ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

Yes[ ] No[X] N/A[ ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes[X] No[ ]

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

\$..... 0

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

34.1 Amount of payments for legal expenses, if any?

\$..... 0

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

\$..... 0

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1	2
Name	Amount Paid
.....	.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]

1.2 If yes, indicate premium earned on U.S. business only:

\$ ..... 0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ ..... 0

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ ..... 0

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ ..... 0

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

\$ ..... 0

1.62 TOTAL Incurred claims

\$ ..... 0

1.63 Number of covered lives

..... 0

All years prior to most current three years:

1.64 TOTAL Premium earned

\$ ..... 0

1.65 TOTAL Incurred claims

\$ ..... 0

1.66 Number of covered lives

..... 0

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

\$ ..... 0

1.72 TOTAL Incurred claims

\$ ..... 0

1.73 Number of covered lives

..... 0

All years prior to most current three years:

1.74 TOTAL Premium earned

\$ ..... 0

1.75 TOTAL Incurred claims

\$ ..... 0

1.76 Number of covered lives

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	214,833,104	205,155,230
2.2	Premium Denominator .....	214,833,104	205,847,620
2.3	Premium Ratio (2.1 / 2.2) .....	1.000	0.997
2.4	Reserve Numerator .....	31,308,796	28,331,235
2.5	Reserve Denominator .....	31,546,191	28,634,414
2.6	Reserve Ratio (2.4 / 2.5) .....	0.992	0.989

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes[X] No[ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X] N/A[ ]

5.1 Does the reporting entity have stop-loss reinsurance?

Yes[X] No[ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

\$ ..... 1,495,000

5.32 Medical Only

\$ ..... 0

5.33 Medicare Supplement

\$ ..... 0

5.34 Dental & Vision

\$ ..... 0

5.35 Other Limited Benefit Plan

\$ ..... 0

5.36 Other

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Provider contracts have hold harmless agreements and continuity of care provisions. Through the reinsurance compnay \$5,000,000 is reinsured for continuation of benefits in event of insolvency.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes[X] No[ ]

7.2 If no, give details:

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

..... 16,399

8.2 Number of providers at end of reporting year

..... 18,028

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

..... 0

9.22 Business with rate guarantees over 36 months

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[ ] No[X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$ ..... 0

10.22 Amount actually paid for year bonuses

\$ ..... 0

10.23 Maximum amount payable withholds

\$ ..... 0

10.24 Amount actually paid for year withholds

\$ ..... 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes[ ] No[X]

11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]

11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes[X] No[ ]

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Arkansas

11.4 If yes, show the amount required.

\$ ..... 8,779,683

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Entire state of Arkansas, 75 counties .....

13.1 Do you act as a custodian for health savings accounts?

Yes[ ] No[X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

\$ ..... 0

13.3 Do you act as an administrator for health savings accounts?

Yes[ ] No[X]

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

\$ ..... 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

14.2 If the answer to 14.1 is yes, please provide the following:

1  Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)
- 15.1 Direct Premium Written

15.2 Total incurred claims

15.2 Number of covered lives
- \$

\$
- 0

0

0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	75,215,779	81,342,072	64,017,278	30,952,723	39,094,684
2. TOTAL Liabilities (Page 3, Line 24) .....	43,336,078	41,791,261	43,728,419	18,132,132	26,164,182
3. Statutory minimum capital and surplus requirement .....	8,779,683	6,798,788	6,012,498	5,462,471	5,692,025
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	31,879,701	39,550,811	20,288,859	12,820,591	12,930,502
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	214,833,104	205,847,620	159,762,626	141,264,056	147,170,891
6. TOTAL Medical and Hospital Expenses (Line 18) .....	207,179,223	161,114,190	137,595,312	123,882,758	130,980,925
7. Claims adjustment expenses (Line 20) .....	7,833,895	6,100,937	6,036,868	6,518,243	6,023,417
8. TOTAL Administrative Expenses (Line 21) .....	23,091,492	25,385,203	22,347,015	16,606,725	15,382,328
9. Net underwriting gain (loss) (Line 24) .....	(22,771,506)	12,747,290	(6,216,569)	(3,893,730)	(6,597,453)
10. Net investment gain (loss) (Line 27) .....	644,586	1,533,628	990,836	250,592	394,398
11. TOTAL Other Income (Lines 28 plus 29) .....				53,755	25,695
12. Net income or (loss) (Line 32) .....	(18,252,832)	9,275,007	(5,225,733)	(3,589,383)	(6,177,360)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(6,398,771)	1,479,271	4,599,058	(10,769,776)	(2,746,218)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	31,879,701	39,550,811	20,288,859	12,820,591	12,930,502
15. Authorized control level risk-based capital .....	8,779,683	6,798,788	6,012,498	5,462,471	5,692,025
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	57,408	46,051	57,227	41,256	44,550
17. TOTAL Members Months (Column 6, Line 7) .....	646,778	588,387	518,147	495,442	542,687
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	96.4	78.3	86.1	87.7	89.0
20. Cost containment expenses .....	2.2	2.2	2.6	2.6	2.6
21. Other claims adjustment expenses .....	1.4	0.8	1.2	2.0	1.4
22. TOTAL Underwriting Deductions (Line 23) .....	110.6	93.8	103.9	102.8	104.5
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	(10.6)	6.2	(3.9)	(2.8)	(4.5)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	24,794,395	18,695,911	10,117,020	17,758,675	14,536,223
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	27,684,100	27,775,861	12,193,433	16,338,903	14,198,702
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....	5,404	5,423	5,460	5,634	5,628
32. TOTAL of Above Lines 26 to 31 .....	1,505,404	1,505,423	1,505,460	1,505,634	1,505,628
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	L	215,102,704			2,884,605			217,987,309	
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	N								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	215,102,704			2,884,605			217,987,309	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a) ... 1	215,102,704			2,884,605			217,987,309	

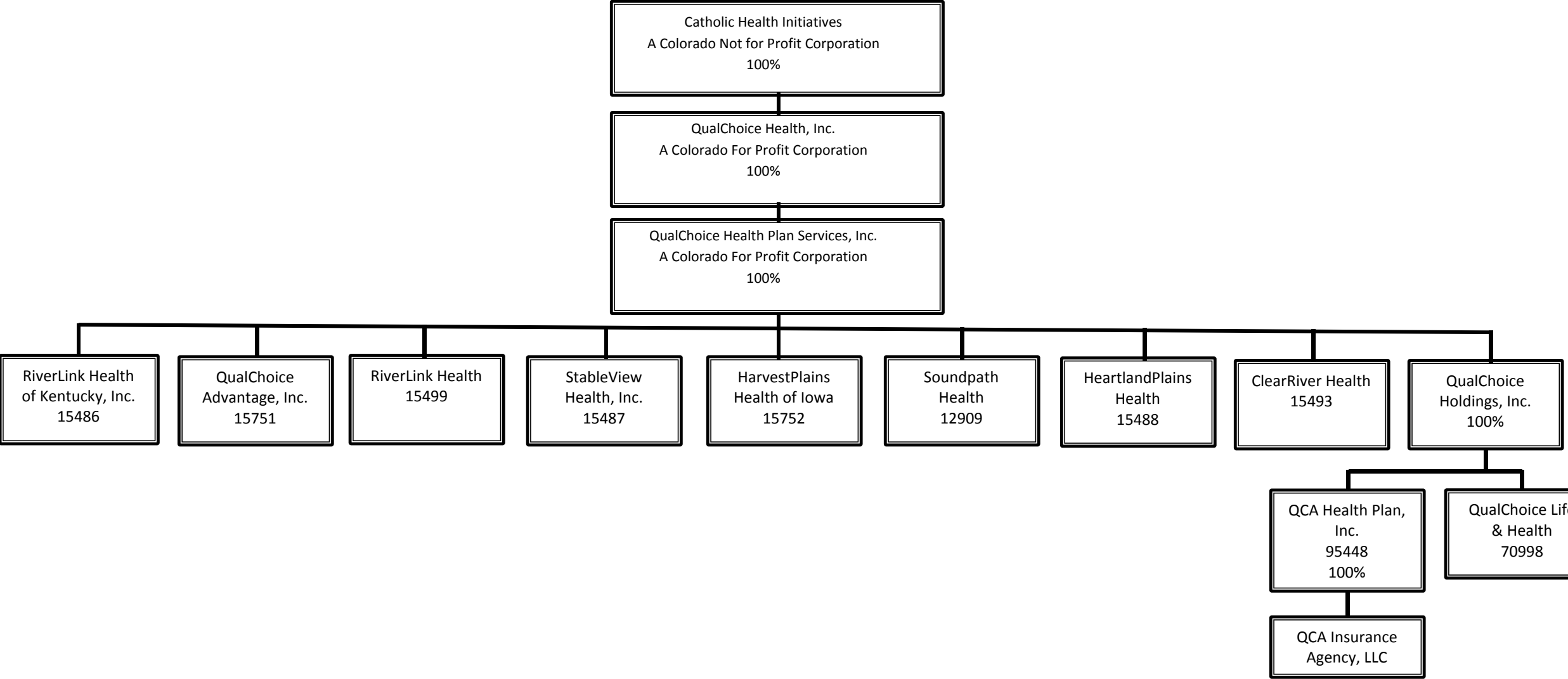
DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation by state, premiums by state, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART

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